

Exhibit 1

RIP RAPSON
IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF MICHIGAN

In re) Chapter 9
CITY OF DETROIT, MICHIGAN,) Case No. 13-53846
Debtor.) Hon. Steven W. Rhodes

The Videotaped Deposition of RIP RAPSON,
Taken at 1114 Washington Boulevard,
Detroit, Michigan,
Commencing at 9:02 a.m.,
Thursday, July 31, 2014,
Before Rebecca L. Russo, CSR-2759, RMR, CRR.

1 RIP RAPSON
2 EDWARD R. McCARTHY, ESQ.
3 PRAVIN R. PATEL, ESQ.
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8 Appearing on behalf of the Financial Guaranty
9 Insurance Company.

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14 KELLEY M. HALADYNA, ESQ.
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19 Appearing on behalf of the State of Michigan.
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1 RIP RAPSON
2 APPEARANCES:
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8 Appearing on behalf of the City of Detroit.
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17 Appearing on behalf of the City of Detroit.
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1 RIP RAPSON
2 DANIEL MORRIS, ESQ. (Via Telephone)
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1 RIP RAPSON
 2 HARVEY KURZWEIL, ESQ.
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 4 Winston & Strawn LLP
 5 200 Park Avenue
 6 New York, New York 10166
 7 Appearng on behalf of the Witness and the Kresge
 8 Foundation.

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 14 ALSO PRESENT:
 15 Justin Slanec - Video Technician
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1 RIP RAPSON
 2 Detroit, Michigan
 3 Thursday, July 31, 2014
 4 9:02 a.m.
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7 VIDEO TECHNICIAN: We are now on the
 8 record. This is the videotaped deposition of Rip
 9 Rapson, being taken on Thursday, July 31st, 2014. The
 10 time is now 9:02 a.m.

11 We are located at the Westin, in Detroit,
 12 Michigan, and we are here in the matter -- or, I'm
 13 sorry, In Re City of Detroit Bankruptcy. This is Case
 14 Number 13-53846.

15 This matter is being held in the United
 16 States Bankruptcy Court for the Eastern District of
 17 Michigan.

18 My name is Justin Slanec, video technician.
 19 Would the court reporter swear in the
 20 witness and the attorneys briefly identify themselves,
 21 for the record, please.

22 RIP RAPSON,
 23 was thereupon called as a witness herein, and after
 24 having first been duly sworn to testify to the truth,
 25 the whole truth and nothing but the truth, was

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1 RIP RAPSON
 2 examined and testified as follows:
 3 MR. MCCARTHY: My name's Ed McCarthy, and
 4 I'm with Weil Gotshal & Manges. I'm here on behalf of
 5 FGIC.

6 MR. PATEL: My name is Pravin Patel, and
 7 I'm with Weil Gotshal & Manges, and I'm also on behalf
 8 of FGIC.

9 MR. KURZWEIL: Harvey Kurzweil, Winston &
 10 Strawn, representing Mr. Rapson and the Kresge
 11 Foundation.

12 MR. SHUMAKER: Greg Shumaker, Jones Day,
 13 City of Detroit.

14 MS. RIPO: Desiree Ripo, from Winston &
 15 Strawn, representing the witness, Mr. Rapson, and the
 16 Kresge Foundation.

17 MS. HALADYNA: Kelly Haladyna, of Dickinson
 18 Wright, representing the State of Michigan.

19 MR. MCCARTHY: Could the folks on the phone
 20 please introduce themselves, for the record, briefly?

21 MR. MORRIS: This is Daniel Morris, with
 22 Dentons, for the Retiree Committee.

23 MS. SANDERS: Diana Sanders, with
 24 Chadbourne & Parke, for Assured Guaranty Municipal
 25 Corp.

2 (Pages 5 to 8)

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RIP RAPSON

I think our, our support for them is, if I recall correctly, approximately a hundred thousand dollars a year in operating support.

Q. And that's a continuing amount, the hundred thousand dollars a year?

A. Yes.

Q. Is that continuing as we sit here today?

A. Yes.

Q. And when did that, I guess agreement of Kresge to provide a hundred thousand dollars, roughly, in operating support to the DIA begin?

A. Boy, I want to say maybe 2007, 2008, approximately. I think that's when we developed the program.

Q. How much money has Kresge agreed to contribute to the Grand Bargain?

A. A hundred million dollars.

Q. Is that hundred million dollars more money than Kresge has contributed to any one cause since your time at Kresge?

A. To any one cause -- you mean any one institution or cause?

Q. Let's start with institution.

A. Yes. I would -- could I just qualify that this hundred million dollars was not a contribution to the

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2 characterized why we would have been engaged in the
 3 process.

4 Q. And that is what I am getting at. As you sit here
 5 today, do you know who the thought of these three
 6 prongs originated with? Was it inside Kresge, outside
 7 of Kresge?

8 MR. SHUMAKER: Object to the form.

9 BY MR. MCCARTHY:

10 Q. When was the first time you heard of these three
 11 prongs that you've referenced with respect to the
 12 reasoning for becoming involved with the Grand
 13 Bargain?

14 A. I'm hesitating, because this is sort of the mental
 15 formulation that I've arrived at. If other people
 16 have arrived at that independently of me, I guess I
 17 have no knowledge of that, but this is the way I've
 18 always felt I could think about why we were doing what
 19 we were doing.

20 Q. And as you sit here today, is it your testimony, then,
 21 based on your memory, you believe you came up with
 22 these three prongs --

23 A. Oh, no.

24 Q. -- thoughts in your head?

25 A. Were other, lots of other people talking the same

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2 that might be lodged in bankruptcy.

3 Q. Have you done any independent, you or Kresge, to your
 4 knowledge, done any independent analysis, research,
 5 studies, regarding how the Grand Bargain preserves the
 6 collection at the DIA?

7 A. I don't understand that question, I'm sorry.

8 Q. There's been some arguments from numerous parties on
 9 both sides in the Detroit bankruptcy about whether the
 10 collection at the DIA is held in trust. Are you aware
 11 of that?

12 A. Yes.

13 Q. Have you or anyone at Kresge, to your knowledge, done
 14 any independent analysis or research regarding whether
 15 the collection at the DIA is currently held in trust?

16 A. We have not.

17 Q. Have you, you personally reviewed any, anyone else's
 18 analysis or study regarding whether the DIA collection
 19 is held in trust?

20 A. Only what I've read of in the newspapers.

21 Q. Do you intend to or would you expect that you would
 22 provide any testimony at a trial in the bankruptcy on
 23 whether the collection at the DIA is held in trust?

24 A. It depends on my lawyers, but I don't -- I'm not an
 25 expert in public trusts or in the legal issues

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2 language? Probably. So I don't think I could
 3 attribute to a particular source. It just, this just
 4 seemed, the way the package was being assembled, it
 5 permitted these three objectives to be met.

6 Q. How does Kresge's involvement with the Grand Bargain
 7 help soften the blow to pensioners?

8 A. One of the conditions of the contribution that the
 9 foundation's developed that's included in the plan of
 10 adjustment is that the money needs to be applied to
 11 the pensioners, as I understand it.

12 Q. And how does Kresge's involvement with the Grand
 13 Bargain help preserve the collection of the DIA?

14 A. Another condition of the plan of adjustment -- of the
 15 conditions that the foundation articulated for the
 16 plan of adjustment was that we create an intermediary
 17 structure that is able to receive -- let's see, how
 18 does this work. That at the end of the day, the DIA
 19 is transferred out of City ownership and that we've
 20 created a -- well, let me -- I'll stop there.

21 That the DIA is transferred out of City
 22 ownership into independent ownership.

23 Q. And how does that help preserve the collection of the
 24 DIA?

25 A. Presumably, it buffers it from a claim -- the claims

1 RIP RAPSON

2 undermining -- undergirding them.

3 Q. Outside of the Grand Bargain, has the DIA -- has the
 4 Kresge Foundation ever contributed funds during your
 5 time there to help soften the blow of pensioners in
 6 any particular municipality?

7 A. I'm hesitating, because much of what Kresge does is to
 8 try to create buffers for low-income people and
 9 opportunities for low-income people to, to enter the
 10 economic mainstream and participate fully in civic
 11 life.

12 So I think the, the objective of our
 13 foundation is to, as you've put the document to me
 14 earlier, is to improve the lives of poor and
 15 low-income children and adults.

16 So in some ways I think we've indirectly
 17 helped people who are on pensions and who aren't on
 18 pensions, but without, again, meaning to split hairs,
 19 we have never directly invested in pensioners nor are
 20 we -- again, nor is that the way we have designated
 21 these funds.

22 We have designated these funds to be part
 23 of a pool of money with multiple objectives.

24 Q. Is it fair to say that Kresge Foundation's
 25 contribution or proposed contribution to the Grand

<p style="text-align: center;">Page 49</p> <p>1 RIP RAPSON</p> <p>2 Bargain would be the most direct way that Kresge has</p> <p>3 ever contributed funds to soften the blow of</p> <p>4 pensioners since the time you've been there?</p> <p>5 A. Yes.</p> <p>6 Q. And why is that? Why is it that, in this instance,</p> <p>7 with the Grand Bargain, Kresge has determined to do</p> <p>8 something it hasn't done in the past during your time</p> <p>9 there, specifically with respect to softening the blow</p> <p>10 to pensioners?</p> <p>11 A. The calculus that we did in making our contribution to</p> <p>12 the Grand Bargain was that it would accomplish three</p> <p>13 objectives simultaneously. We've walked through</p> <p>14 those. That was the reason for taking the action.</p> <p>15 Q. Does the Kresge Foundation deem any one of the three</p> <p>16 objectives that we've talked about to be more</p> <p>17 important than the other objectives?</p> <p>18 A. No. I would, I would answer it a slightly different</p> <p>19 way. I would say all three are essential. I don't</p> <p>20 think any one is more essential than the others.</p> <p>21 Q. I'm trying to get at specifically the second objective</p> <p>22 that you mentioned, softening the blow to the</p> <p>23 pensioners.</p> <p>24 A. Mmm-hmm.</p> <p>25 Q. Are you able, as you sit here today, to answer whether</p>	<p style="text-align: center;">Page 51</p> <p>1 RIP RAPSON</p> <p>2 MR. KURZWEIL: Object to the form of the</p> <p>3 question.</p> <p>4 MR. MORRIS: Objection, form.</p> <p>5 A. These are folks who have dedicated their life to</p> <p>6 serving the City of Detroit. If they were to be</p> <p>7 thrown into economic duress, many of the first</p> <p>8 principles that Kresge and others are working on in</p> <p>9 Detroit would be made far more difficult. You have a,</p> <p>10 you would have a series of economic hardships that</p> <p>11 would stress the safety net. You would begin seeing</p> <p>12 calls on both foundation, state, and local resources</p> <p>13 that would, that would tax us all.</p> <p>14 So it seems to me that doing the least</p> <p>15 economic harm to individuals who have contributed</p> <p>16 their lives to the welfare of the City is a sensible</p> <p>17 thing to be concerned about.</p> <p>18 BY MR. MCCARTHY:</p> <p>19 Q. Has -- have you or the Kresge Foundation, to your</p> <p>20 knowledge, done any independent study or analysis on</p> <p>21 the wealth of any particular pensioner?</p> <p>22 A. I'm not sure I -- have we studied an individual</p> <p>23 pensioner's economic situation?</p> <p>24 Q. Yes.</p> <p>25 A. Studied, no. There certainly has been plenty written</p>
<p style="text-align: center;">Page 50</p> <p>1 RIP RAPSON</p> <p>2 Kresge would have agreed to potentially contribute to</p> <p>3 the Grand Bargain, assuming softening the blow to the</p> <p>4 pensioners was not one of the objectives?</p> <p>5 A. It would not have.</p> <p>6 MR. MORRIS: Objection, form.</p> <p>7 BY MR. MCCARTHY:</p> <p>8 Q. And why is that?</p> <p>9 A. Because we needed to see all three objectives</p> <p>10 satisfied.</p> <p>11 Q. And why is it important for Kresge to soften the blow</p> <p>12 for the pensioners in this particular instance?</p> <p>13 MR. SHUMAKER: Objection, form --</p> <p>14 A. I think I've answered the question.</p> <p>15 MR. SHUMAKER: -- asked and answered.</p> <p>16 BY MR. MCCARTHY:</p> <p>17 Q. Outside of Kresge's desire to see all three of the</p> <p>18 objectives we've talked about, expediting the</p> <p>19 resolution of the bankruptcy, softening the blow to</p> <p>20 the pensioners, and preserving the collection at the</p> <p>21 DIA, all move forward, are there any other specific</p> <p>22 reasons you can tell me that -- as to why Kresge deems</p> <p>23 it important to have objective number two, softening</p> <p>24 the blow to the pensioners, move forward as an</p> <p>25 objective?</p>	<p style="text-align: center;">Page 52</p> <p>1 RIP RAPSON</p> <p>2 about it.</p> <p>3 Q. Written about the current pensioners of the City of</p> <p>4 Detroit?</p> <p>5 A. Mmm-hmm.</p> <p>6 Q. And written about how the current pensioners of the</p> <p>7 City of Detroit would be in need of having their</p> <p>8 pensions continued?</p> <p>9 A. Would be harmed were their pensions reduced.</p> <p>10 Q. Let's take a step back from that. Have you looked</p> <p>11 at -- have you seen anything written, or studies or</p> <p>12 research regarding the current financial situation of</p> <p>13 the pensioners, notwithstanding whether their pensions</p> <p>14 would be reduced or fulfilled at a ninety percent rate</p> <p>15 or a hundred percent rate?</p> <p>16 A. Again, I'm sorry, I'm not tracking the question. What</p> <p>17 are you asking?</p> <p>18 Q. Well, for instance, you can tell me probably for</p> <p>19 yourself, and I'm not asking, but what is your current</p> <p>20 financial situation, not looking into the future, but</p> <p>21 how much money you have right now, how much debt you</p> <p>22 have right now.</p> <p>23 Have you seen anything written about the</p> <p>24 current financial situation, income, assets, versus</p> <p>25 debt of the pensioners of the City of Detroit?</p>